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SUBJECT: EU COUNCIL MEETING WRAP UP

REF: USEU-TODAY JUNE 20 AND 23

Classified By: Deputy Political Minister Counselor Alyce Tidball for reasons 1.4 (b) and (d)

¶11. (C) SUMMARY. The June 19-20 European Union Council Meeting of Member State Foreign Ministers in Brussels deliberated at length on next steps regarding the Lisbon Treaty following the Irish "no" vote, agreeing that more time was needed to analyze the situation. The Council also discussed the Western Balkans and agreed to lift EU sanctions on Cuba. The Council addressed short and long term remedies to combat rising food and oil prices. END SUMMARY

¶12. (SBU) FATE OF LISBON TREATY REMAINS UNCERTAIN
EU leaders ended their two-day European Council meeting on June 20 with no clear answer on how to solve the problem created by the Irish rejection of the Lisbon Treaty. "The European Council agreed that more time was needed to analyze the situation. The Irish government will actively consult, both internally and with other Member States, in order to suggest a common way forward," according to the Summit's conclusions. Irish PM Cowen told his post-Summit press conference a number of EU colleagues made it clear they had "no interest" in renegotiating the treaty. Cowen, who will report back to colleagues in October following his consultations, would not speculate when he would be in a position to come forward with suggestions on the way forward, adding: "I can't say whether there will be any further referendums on this issue." The leaders noted that the ratification process "continues in other countries," although the Czech Republic, where the treaty of Lisbon is currently under scrutiny by the country's Constitutional Court, secured a special "footnote" reference" to its specific situation. The meeting revealed clear differences among leaders over how to proceed with further enlargement in case the Lisbon Treaty does not enter into force. Some leaders, including France's upcoming President-in-office of the European Council Sarkozy, told media that without the Lisbon Treaty the EU will not be able to admit new Member States in the future. French perm rep contacts told USEU that while Sarkozy has said the same thing in the past, the Irish "no" adds a new significance to his words.

¶13. (SBU) At a lengthy Thursday night heads of state dinner, the atmosphere was initially optimistic, buoyed in part by the fact that UK PM Brown came to Brussels with British ratification in his pocket. Nevertheless, the Czechs reportedly strongly opposed conclusion language that would have called for early ratification of the treaty by the remaining member states. The result was a relatively short and weak text, noting only that many countries have already ratified the treaty but not specifically calling on the remaining countries to do so. Still, the political consensus coalesced around the perception that, although Ireland would require help and should not be "jammed", the issue was how to help the Irish find a way to ratify, rather than whether the treaty should be rewritten. Nevertheless, contacts say the treaty will clearly not be ready by January

1, and the EU will be consumed over the next few months trying to find a legal mechanism. The October heads of state meeting is already targeted as a key discussion in that regard. For the moment, the focus is on unity and solidarity, rather than pressure, with Slovenian PM/European Council chair Janez Jansa told a press conference June 20 that the leaders "won't set deadlines" for Ireland. Although Jansa reported a sense of "unity" around the European Council dinner, other leaders hinted the EU could not afford delaying its response to the Irish vote for too long. Danish PM Anders Fogh Rasmussen, for instance, warned earlier in the day that there was effectively a deadline for the EU-27 to ratify the treaty by April 1, 2009 before the June 2009 elections to the European Parliament. Outside the meeting, French President Sarkozy took aim at Trade Commissioner Mandelson, telling the press that Mandelson's trade policies were a factor in the Irish no vote. This was quickly rebutted in the corridors by the UK.

EU-CUBA SANCTIONS LIFTED; COUNCIL CONCLUSIONS STRENGTHENED DUE TO GERMAN LOBBYING

¶4. (U) Agreement to lift EU sanctions on Cuba was reached at the Council meeting, but officially adopted at the Agriculture and Fisheries Council meeting in Luxembourg on June 23. The conclusions call on the "Cuban Government to improve effectively the human rights situation by, inter alia, releasing unconditionally all political prisoners, including those who were detained in 2003." It also calls on the Cuban Government to "facilitate access of international humanitarian organizations to Cuban prisons." The conclusions state that the EU will evaluate the effectiveness

BRUSSELS 00000959 002 OF 003

of their dialogue with Cuba in June 2009, and will continue dialogue if the Council decides that it is effective.

¶5. (C) Sources in the German and Czech missions told us that the deal on lifting EU sanctions on Cuba was done prior to the June 19 Foreign Ministers dinner on the margins of the June 19-20 Council meeting. Both the Czechs and Germans told us that the last minute German push resulted in a significant strengthening of language relating to the Council's review next year of the proposed EU-Cuba dialogue. The Germans called for the line in the conclusions on release of political prisoners, and specifies that progress on that issue is one of the requirements for the Council to renew the dialogue when it is reviewed in a year's time. This language is in the public conclusions rather than in the private minutes (as the Spanish had desired). The Czech mission seemed very pleased with the results and credited effective German lobbying for producing results.

WESTERN BALKANS

¶6. (U) Heads of State agreed an extensive set of conclusions on the Western Balkans reiterating support for the region's European perspective. The Council committed to leadership to ensure Kosovo's stability, noted plans to deploy EULEX throughout all of Kosovo, and welcomed the UN Secretary General's report outlining his intention to reconfigure UNMIK. Leaders also welcomed the signature of the Stabilization and Association Agreement (SAA) with Bosnia, looked forward to a new government in Belgrade to promote reform, and reiterated Serbia's ability to push forward with its accession pending full cooperation with ICTY.

¶7. (C/NF) While most of the conclusions were agreed without much debate, discussions on the language for Macedonia were especially heated, according to member state contacts. In addition to reiterating previously stated conditions for Macedonia's progress in the accession process, leaders also acquiesced to Greek demands to include a statement underscoring that, "maintaining good neighborly relations, including a negotiated and mutually acceptable solution on the name issue remains essential," despite

Slovenian Presidency efforts to avoid mention of the bilateral issue. An Italian interlocutor said that the text was carefully worded with input from Commissioner Rehn to leave the door open for the Commission to make a favorable recommendation on setting a date for Macedonia at the end of the year, regardless of the status of the name negotiations. He privately admitted, however, that the explicit linkage between the name resolution and accession creates a de facto additional condition on Macedonia's accession. Our contact added that member states have grown skeptical that Macedonia is capable of quickly meeting the necessary benchmarks for EU accession as a result of Skopje's decision to call early elections as well as the subsequent violent incidents on June 11. These increased doubts may have translated into less resistance to the Greek position.

RISING FOOD AND OIL PRICES

18. (U) EU leaders stressed that despite the new institutional problems presented by the Irish rejection of the Lisbon Treaty, the Council is still able to function and demonstrated this by addressing important issues such as rising food and oil prices. Noting that 16% of the EU population lies at or below the poverty line and that oil prices have increased by 500% over the past six years, Jansa asserted that although EU policies are not the cause for these increases, they can be part of the solution. Stressing the need for EU unity, Jansa outlined a two-phase approach to address the issue. The first phase will focus upon immediate alleviation of consequences of the EU public by clarifying that Member State governments are free to adopt assistance measures for the worst-affected sectors in their countries, as long as those measures are short-term and narrowly focused. At the same time, the Commission will implement reforms and programs to complement national government actions. The second phase will focus upon long-term measures designed to increase energy efficiency and diversity and reduce dependency on external energy sources, especially fossil fuels. Jansa noted that the EU must encourage the development of new technologies to decrease dependency and combat climate change.

19. (U) European Commission President Jose Barroso outlined four specific proposals that the Commission presented to the Council to address rising food and oil prices:

- A revamped food aid program to provide food aid to the most vulnerable EU citizens.
- Emergency measures to help fishermen while the EU

BRUSSELS 00000959 003 OF 003

restructures the fishing industry.

- Assistance to agricultural sectors in developing countries to increase production and thereby lower world food prices.
- Measures to increase competition and transparency within oil and gas markets.

Barroso emphasized that there is no quick fix to the current food and oil price dilemma, but that these are structural issues that will require long-term structural solutions.

Chase

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